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**TOWN OF MONTICELLO**

**AUDIT REPORT**

**SEPTEMBER 30, 2003**

**TOWN OF MONTICELLO**  
**For the Year Ended September 30, 2003**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Board of Aldermen  
Town of Monticello, Mississippi

I have audited the accompanying Combined Statement of Receipts and Disbursements of the Town of Monticello, Mississippi, for the year ended September 30, 2003, as listed in the Table of Contents. This financial statement is the responsibility of Town of Monticello, Mississippi, management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A, Town of Monticello, Mississippi, prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Mississippi, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In my opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash balances of Town of Monticello, Mississippi, as of September 30, 2003, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2004, on my consideration of Town of Monticello, State of Mississippi's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the Combined Statement of Receipts and Disbursements taken as a whole. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the financial statement. The information in those schedules has been subjected to the auditing procedures applied in the examination of the financial statement and, in my opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Charles R. Hart  
Certified Public Accountant

June 3, 2004  
Monticello, Mississippi

**Exhibit 1 - Receipts**

**Town of Monticello  
Combined Statement of Receipts & Disbursements (All Funds)  
Year Ended September 30, 2003**

	Governmental Funds	Proprietary Fund	(Memo Only)
	General	Water & Sewer	Total
Revenue Receipts:			
Property Taxes - Current	357,601		357,601
Property Taxes - Prior	6,214		6,214
Penalties & Interest - Delinquent Taxes	3,311		3,311
Licenses & Permits	6,427		6,427
Franchise Taxes on Utilities	62,290		62,290
Intergovernmental Revenues:			
Federal Sources	186,400		186,400
State Shared Revenues:			
Homestead Exemption Reimbursement	21,694		21,694
General Municipal Aid & Gas Tax	5,826		5,826
Sales Tax	383,317		383,317
In Lieu of Tax - Grand Gulf	20,147		20,147
MDOT	8,221	40,131	48,352
Fire Insurance Premium Tax	7,802		7,802
LEA Grant	3,000		3,000
County:			
Fire Protection	21,041		21,041
Charges for Services:			
Atwood Water Park	14,677		14,677
Water, Sewer, & Garbage		394,441	394,441
Fines & Forfeits	165,768		165,768
Miscellaneous	21,686	8,398	30,084
Total Revenue Receipts	<u>1,295,422</u>	<u>442,970</u>	<u>1,738,392</u>
Other Receipts:			
Railroad in Lieu of Taxes			
MRHA in Lieu of Taxes	785		785
Loan Proceeds-	101,004		101,004
Other non-revenue receipts	8,242		8,242
Interest Earned	3,121		3,121
Total Other Receipts	<u>113,152</u>	<u>-</u>	<u>113,152</u>
Total Receipts	<u>1,408,574</u>	<u>442,970</u>	<u>1,851,544</u>
Cash Balance Beginning			
Unrestricted	517,348	107,721	625,069
Restricted			-
Total Amount To Account For	<u>1,925,922</u>	<u>550,691</u>	<u>2,476,613</u>

**Town of Monticello**  
**Combined Statement of Receipts & Disbursements (All Funds)**  
**Year Ended September 30, 2003**

	Governmental <u>Funds</u> <u>General</u>	Proprietary <u>Fund</u> <u>Water &amp; Sewer</u>	(Memo Only) <u>Total</u>
Operating Disbursements:			
General Government	239,885		239,885
Police	287,407		287,407
Streets	387,226		387,226
Fire	160,675		160,675
Recreation	61,009		61,009
Municipal Court	79,007		79,007
Water & Sewer		363,556	363,556
Total Operating Disbursements	1,215,209	363,556	1,578,765
Other Disbursements:			
Debt Service-Principal	21,873	49,124	70,997
Debt Service-Interest			-
Garbage Fees		96,965	96,965
Capital Outlay	108,543		108,543
Other Non-Operating Disbursements	13,900		13,900
Total Other Disbursements	144,316	146,089	290,405
Total Disbursements	1,359,525	509,645	1,869,170
Cash Balance End of Year			
Unrestricted	566,397	22,814	589,211
Restricted		18,232	18,232
Total Amount Accounted For	1,925,922	550,691	2,476,613

*The accompanying notes are an integral part of this financial statement.*

# **Town of Monticello, Mississippi**

## **Notes to the Financial Statement**

### **Year Ended September 30, 2003**

#### Note A: Summary of Significant Accounting Policies

##### General Information

The Town of Monticello, Mississippi, operates under the Mayor/Board of Alderman form of government and provides services as authorized by law.

##### Reporting Entity

The financial statement of the Town consists of all the funds of the Town.

##### Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

##### Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Mississippi State Department of Audit. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Due to and from other funds are recorded for control purposes.

#### Note B: Report Classifications

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.



**Town of Monticello, Mississippi  
Year Ended September 30, 2003**

**SUPPLEMENTAL INFORMATION**

**Town of Monticello**  
**Schedule of Investments – All Funds**  
**Year Ended September 30, 2003**

Certificates of Deposit:

General Funds:

4.43% Certificate of Deposit, dated August 15, 2001 Matures February 12, 2004. (0030374243)	27,303
3.94% Certificate of Deposit, dated August 6, 2002 Matures February 03, 2005. (0030859158)	24,960
3.59% Certificate of Deposit, dated August 12, 2002 Matures May 12, 2004. (45717)	20,000
 Total Investments	 <hr/> <u>72,263</u>

*The accompanying notes are an integral part of this financial statement.*

**Town of Monticello**  
**Schedule of Long-Term Debt**  
**Year Ended September 30, 2003**

	Balance Outstanding Oct. 1, 2002	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2003
		Issued	Redeemed	
General obligation bonds:				
G.O. Refunding Bond, 1989, Water & Sewer	40,000		20,000	20,000
First Continental Leasing Police Car	405		405	-
Great Southern Leasing New Fire Truck	159,129		13,598	145,531
Cap Loan, Water & Sewer Improvement	84,429		9,618	74,811
AmSouth Bank Dump Truck	56,136		4,597	51,539
AmSouth Bank Tractor	20,699		4,349	16,350
State Bank Police Car	19,987		7,271	12,716
 Total Long-Term Debt	 380,785	 -	 59,838	 320,947

*The accompanying notes are an integral part of this financial statement.*

**Town of Monticello  
Schedule of Surety Bonds Coverage  
Year Ended September 30, 2003**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Willard Griffin	Police Chief	Western Surety Co.	50,000
Ruth Spicer	City Clerk	Western Surety Co.	138,000
Nell Jenkins	Court Clerk	Western Surety Co.	10,000
Gajuena Ward	Deputy Court Clerk	Western Surety Co.	10,000

*The accompanying notes are an integral part of this financial statement.*

**Town of Monticello**  
**Schedule of Cash & Certificates of Deposit**  
**All Funds**  
**Year Ended September 30, 2003**

General Funds:		
General Checking	182,696	
Atwood Water Park Checking	11,796	
Atwood Water Park Saving	3,813	
Municipal Court	11,146	
Sales Tax Account	145,936	
General Escrow Account	2,803	
Fire Fund	13,504	
Tax Collector Special	102	
Police Equipment Fund	4,311	
Tax Collector Clearing Account	38,053	
Clearing Account	77,959	
Home Grant Project	100	
CDBG Monticello Housing Project	-	
Certificate of Deposit	27,303	
Certificate of Deposit	24,960	
Certificate of Deposit	20,000	
Note Payable Fund	1,915	
Total General Funds		566,397
Proprietary Funds (Water & Sewer):		
Operating Account - Trustmark Bank	22,814	
Meter Deposit Fund	18,232	
Total Proprietary Funds		<u>41,046</u>
Total Cash & Certificates of Deposit		<u><u>607,443</u></u>

*The accompanying notes are an integral part of this financial statement.*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Mayor and Board of Aldermen  
Town of Monticello, Mississippi

I have audited the financial statement of Town of Monticello, Mississippi, as of and for the year ended September 30, 2003, and have issued my report thereon dated June 3, 2004. I conducted my audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of Monticello, Mississippi's, financial statement is free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Monticello, Mississippi's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Town of Monticello, Mississippi's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described as follows:

- (1) Absence of appropriate segregation of duties consistent with appropriate control objectives. The cashier function was not segregated from the receipting and accounting functions.

Recommendation:

Management should be aware of the above condition and maintain the necessary level of supervision due to limited number of staff.

Town of Monticello's Response:

The Town is aware of the above condition.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, I believe none of the reportable conditions described above is a material weakness. I also noted other matters involving the internal control over financial reporting that I have reported to the management of Town of Monticello, Mississippi, orally and in a separate letter dated June 3, 2004.

This report is intended solely for the information and use of management, others within the organization, Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Charles R. Hart  
Certified Public Accountant  
Wesson, Mississippi  
June 3, 2004

**Charles R. Hart**  
**Certified Public Accountant**  
**P.O. Box 336**  
**Wesson, Mississippi 39191**

**Home: 643-5631**

**Office: 643-5101**  
**or 833-5801**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

To the Mayor and Board of Aldermen  
Town of Monticello, Mississippi

I have audited the financial statement of the Town of Monticello, Mississippi, for the year ended September 30, 2003, and have issued my report thereon dated June 3, 2004. As part of my audit, I am requested to report the results of the Compliance Questionnaire completed in conjunction with the audit.

In connection with my audit, nothing came to my attention that caused me to believe that the Town is not substantially in compliance with the material aspects of the requirements of the State Department of Audit, set forth in the Compliance Questionnaire.

This report is intended solely for the information and use of the Mayor, Board of Alderman, management, and the State of Mississippi Department of Audit and is not intended to be and should not be used by anyone other than these specified parties.

Charles R. Hart  
Certified Public Accountant  
Wesson, Mississippi  
June 3, 2004